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Eastern District of Pennsylvania

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CHARGES & CIVIL COMPLAINT FILED IN FORECLOSURE RESCUE SCHEME **Civil Complaint Seeks Help For Scam Victims Facing Foreclosure**

PHILADELPHIA - An indictment¹ was unsealed and a verified civil complaint was filed today against Anthony J. DeMarco, III, and his real estate companies, DeMarco REI, Inc. ("DeMarco REI") and OPM Group, LLC, ("OPM"), alleging a mortgage fraud scheme involving more than \$30 million in loans, announced United States Attorney Zane David Memeger. The civil complaint seeks a temporary restraining order and preliminary injunction against defendant. It also seeks to forestall foreclosures against the victims. The indictment charges DeMarco, Michael Richard Roberts, Sean Ryan McBride, and Eric Bascove with conspiracy, charges DeMarco, Roberts, and McBride with mail, wire, and bank fraud, and charges DeMarco with money laundering. DeMarco and Roberts were arrested this morning.

DeMarco, who operated the real estate investment firm DeMarco REI, Inc., headquartered in Center City, Philadelphia, employed Roberts and Bascove. DeMarco's business claimed to be able to assist homeowners facing imminent foreclosure. McBride was a title agent at Settlement Engine, Inc., in Pittsburgh, Pennsylvania. According to the indictment, from June 2008 through December 2008, the defendants would scour public records filings to find homeowners in financial distress and pitch a "sale-leaseback" arrangement to them. The pitch was that the real estate company would buy the homeowner's house, the homeowner would remain in the house and pay rent to the real estate company, and when the homeowner got back on his or her feet financially, the homeowner could buy back the house. The defendants further claimed that if there was equity in the house at the time of the sale to DeMarco REI, then DeMarco REI would put that money into an escrow or rent reserve account for the homeowner. Instead, the defendants used fraudulent documents to obtain mortgage loans from lenders and stole the equity in the homes. It is further alleged that DeMarco and his employees would solicit straw purchasers for these properties, providing them with the down payment for the mortgage and telling them that the real estate investment firm would make the monthly mortgage payments. The result of the scheme is that the mortgage lenders were stuck with loans that are in default, the "straw" purchasers own houses that are going into foreclosure, and the original homeowners face eviction from their own homes once the foreclosures are complete.

The indictment alleges that DeMarco used the proceeds of the scheme to pay his personal and business expenses; that McBride conducted fraudulent real estate closings as part of the scheme; and that the defendants created fraudulent mortgage documents.

¹An Indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.

The verified complaint seeks novel relief that will bring all the individuals and entities that have a stake in the properties (the homeowners, the “straw” purchasers, and the mortgage lenders) before the Court to create an orderly process by which the damage caused by the defendants’ alleged fraud can be mitigated. The goal of the process is to have the parties work towards finding a solution other than foreclosure – perhaps a loan modification, perhaps a forbearance agreement, perhaps a deed-in-lieu of foreclosure. The orderly process sought by today’s filings is the best way to ensure that the greatest number of original homeowners have an opportunity to save their homes.

“The type of criminal activity alleged in this indictment today is particularly despicable in that it targeted those victims who were the most vulnerable financially and the most desperate for some type of assistance to avoid foreclosure on their properties,” said Special Agent-in-Charge George C. Venizelos, of the Philadelphia Division of the FBI. “It also represents an affront to the millions of hard-working Americans who struggle every day to meet their mortgage obligations and keep their families in their homes. The FBI is committed to aggressively pursuing those who engage in schemes designed to illegally profit from the current economic situation of many of our fellow Americans.”

“The Pennsylvania Department of Banking is committed to protecting consumers and we are grateful for the opportunity to work with federal law enforcement officials to investigate and prosecute financial misconduct and abuse,” said Pennsylvania Secretary of Banking Steve Kaplan. “Anyone who would consider taking advantage of the distress being endured by Pennsylvania homeowners during the foreclosure crisis by using such loan modification schemes should take notice and be warned by this prosecution.”

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE
Anthony James DeMarco	Conshohocken, PA	31
Michael Richard Roberts	Swedesboro, NJ	29
Sean Ryan McBride	Pittsburgh, PA	36
Eric Bascove	Philadelphia, PA	37

If convicted of all charges: DeMarco faces a maximum possible sentence of 200 years imprisonment, a \$5 million fine, and a five-year period of supervised release; Roberts faces a maximum possible sentence of 150 years imprisonment, a \$3.75 million fine, and a five-year period of supervised release; McBride faces a maximum possible sentence of 230 years imprisonment, a \$6 million fine, and a five-year period of supervised release; Bascove faces a

maximum possible sentence of 60 years imprisonment, a \$2 million fine, and a five-year period of supervised release.

The case was investigated by the Pennsylvania Department of Banking, the Federal Bureau of Investigation, and the United States Postal Inspection Service. The criminal case is being prosecuted by Assistant United States Attorney Karen L. Grigsby. This civil case is being handled by Assistant United States Attorneys Michael S. Blume and Stacey L. B. Smith.

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